May 17, 2002

VIA ELECTRONIC FILING

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, S.W.
Suite TW-A325
Washington, D.C. 20554

Re: In re *UNE Triennial Review*, CC Dockets 01-338, 96-98 and 98-147

Dear Ms. Dortch:

Pursuant to Section 1.1206 of the Commission's rules, the Competitive Telecommunications Association ("CompTel") hereby gives notice that on May 16, 2002, its representative and a representative of M/C Venture Partners, a private equity firm with investments in CompTel met with Commission staff in the above captioned proceeding.[1] Specifically, CompTel met with Robert Tanner, Jeremy Miller, Jonathan Reel, Christine Newcomb, Gail Cohen, Daniel Shiman, Ian Dillner, Brad Koerner, Alex Johns, Henry Thaggert, Dennis Johnson, Alan Thomas, and Michael Carowitz of the Wireline Competition Bureau.

CompTel and M/C Venture Partners explained that the Commission could not stimulate future facilities investment, but only jeopardize existing competitive facilities investment, by removing access to ILEC UNEs. Because competitive carriers are interconnected, and to some degree interdependent, the loss of a critical UNE for any carrier can have profound consequences for that carrier and other competitive carriers both upstream and downstream from that carrier. As one example, if a carrier relying on some ILEC and some competitive transport were to lose access to the ILEC transport UNE, that carrier would be unlikely to obtain further access to capital markets under present economic conditions to build its own transport to replace the ILEC UNE. On the other hand, if the competitive carrier were to switch to the more costly ILEC special access transport, the competitor's costs would increase, shrinking its gross margins, and

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[1] *See In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-338, Notice of Proposed Rulemaking, FCC 01-361 (rel. December 20, 2001) (*NPRM*).

most likely causing that competitor to violate a credit facility covenant. This, in turn, may negatively affect other competitors selling to, or buying from, the CLEC.

Similarly, CompTel and M/C Ventures explained that metro wholesale carriers' carriers would not be more likely to enter a market with competitive transport, or loop, facilities if the FCC were to eliminate access to these facilities as UNEs. Wholesale carriers are funded on their ability to secure business from other carriers, including wireless carriers, interexchange carriers, Internet service providers, and other carriers' carriers as well as CLECs. Thus, CLEC demand is a necessary, but not sufficient, predicate to wholesale competitive transport deployment. Further, any FCC action that was likely to reduce the number of CLEC customers in the near term would also be more likely to negatively effect facilities deployment by wholesale carriers.

Representing M/C Venture Partners was Peter Claudy. Representing CompTel in the meeting was the undersigned attorney.

Sincerely,

Jonathan D. Lee
Vice President, Regulatory Affairs